United Nations A/C.2/57/L.5

General Assembly

Distr.: Limited
15 October 2002

Original: English

Fifty-seventh session
Second Committee
Agenda item 84 (b)
Macroeconomic policy questions: commodities

Venezuela:* draft resolution

Commodities

The General Assembly,

Recalling its resolution 55/183 of 20 December 2000 and stressing the urgent need to ensure its full implementation,

Recalling the United Nations Millennium Declaration adopted by the Heads of State and Government on 8 September 2000,[1]

Taking note of the Plan of Implementation agreed at the World Summit on Sustainable Development, held in Johannesburg, South Africa, from 26 August to 4 September 2002, particularly paragraphs 38, 61, 89 and 90, and recognizing that agriculture plays a crucial role in addressing the needs of a growing global population, and is inextricably linked to poverty eradication, especially in developing countries,

Taking note also of the Programme of Action for the Least Developed Countries for the Decade 2001-2010[2] and *The Least Developed Countries Report, 2002*,[3] in particular chapters 4 and 6 of part one of the report,

Taking note further of the Monterrey Consensus of the International Conference on Financing for Development,[4] in particular paragraphs 28 and 37,

Taking note of the outcome of the World Summit on Sustainable Development,

* On behalf of the States Members of the United Nations that are members of the Group of 77 and China.

[1] See resolution 55/2.

[2] A/CONF.191/11.

[3] United Nations publication, Sales No. E.02.II.D.13.

[4] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

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Taking note also of the targets set out in the 1996 Rome Declaration and Plan of Action[5] and the outcome of the World Food Summit: five years later, which reaffirms the pledge to end hunger,

Taking note with concern of the report of the Secretary-General of the United Nations Conference on Trade and Development on world commodity trends and prospects[6] which examines the declining trend of most commodity prices,[7]

Recognizing that many developing countries, in particular African countries and the least developed countries, as well as commodity-dependent small island developing States and commodity-dependent landlocked developing countries, are highly dependent on primary commodities as their principal source of export revenues, employment, income-generation and domestic savings, and the driving force of investment, economic growth and social development,

Recognizing also that structural changes in international commodity markets, particularly the increasing concentration in trade and distribution, constitute new challenges for commodity producers and exporters in developing countries,

Expressing deep concern about the negative effects of unfavourable weather conditions on the supply of most commodity-dependent countries, the continuing depressed levels of most commodity prices and the dramatic falls in recent years in prices of commodities of particular interest to developing countries, which adversely affect the economic growth of commodity-dependent countries, especially countries in Africa and the least developed countries, as well as commodity-dependent small island developing States and commodity-dependent landlocked developing countries,

Expressing concern about the difficulties experienced by the developing countries in financing and implementing viable diversification programmes and in attaining access to markets for their commodities,

Recognizing that commodity prices are an important element for heavily indebted poor countries maintaining long-term debt sustainability criteria,

Reiterating its request to the World Trade Organization to facilitate the accession of developing countries to the World Trade Organization on fair and reasonable terms, taking into account the particularities of each country,

1. *Emphasizes* the need for efforts by the developing countries that are heavily dependent on primary commodities to continue to promote a domestic policy and an institutional environment that encourage diversification and liberalization of the trade and export sectors and enhance competitiveness;

2. *Expresses the urgent need* for supportive international policies and measures to improve the functioning of commodity markets through efficient and transparent price formation mechanisms, including commodity exchanges, and through the use of viable and effective commodity price risk management instruments;

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[5] See *Report of the World Food Summit, 13-17 November 1996*, part one (Rome, Food and Agriculture Organization of the United Nations, 1996), appendix.

[6] A/57/381, annex.

[7] Ibid., sect. I.B.

3. *Expresses concern* at the declining terms of trade in most primary commodities, in particular for net exporters of such commodities, as well as the lack of progress in many developing countries in achieving diversification, and, in this regard, strongly emphasizes the need for actions at both the national and international levels, inter alia, to improve market access conditions, address supply-side constraints and provide support for capacity-building, inter alia, in areas that actively involve women;

4. *Urges* Governments and international financial institutions to re-examine systems for compensatory financing of export earnings shortfalls with a view to providing a temporary safety net for developing-country producers that are heavily dependent on the export of a few commodities;

5. *Urges* the developed countries to eliminate or radically reduce support schemes to producers competing with developing-country producers of commodities that result in lower prices for exporters in developing countries;

6. *Also urges* the developed countries to continue to support the commodity diversification and liberalization efforts of commodity-dependent developing countries, especially countries in Africa and the least developed countries, as well as commodity-dependent small island developing States and commodity-dependent landlocked developing countries, in a spirit conducive to promoting a common purpose and efficiency, inter alia, by providing technical and financial assistance for the preparatory phase of their commodity diversification programmes;

7. *Urges* producers and consumers of individual commodities to intensify their efforts to reinforce mutual cooperation and assistance;

8. *Reiterates* the importance of maximizing the contribution of the commodity sector to economic growth and sustainable development, while continuing with diversification efforts in developing countries, in particular in commodity-dependent countries, especially those in Africa and the least developed countries, as well as commodity-dependent small island developing States and commodity-dependent landlocked developing countries and, in this respect, stresses that:

(a) International support for the efforts of developing countries in the industrial transformation of their commodities is required to increase their export revenues and improve their competitiveness with a view to facilitating their integration into the global economy;

(b) In the context of the process of trade liberalization, tariff peaks should be minimized and the use of trade-distorting policies and protectionist practices and non-tariff barriers should be eliminated by developed countries because of their impact and inasmuch as they have negative effects on the ability of developing countries to diversify their exports and undertake the required restructuring of their commodity sector and have an adverse impact on liberalization measures taken by commodity-dependent developing countries especially in Africa and the least developed countries, as well as commodity-dependent small island developing States and commodity-dependent landlocked developing countries, and their efforts to eliminate poverty;

(c) In line with the Plan of Implementation adopted at the World Summit on Sustainable Development, held in Johannesburg, South Africa, from 26 August to

4 September 2002, mutual supportiveness between the multilateral trading system and the multilateral environmental agreements, consistent with sustainable development goals, should be promoted in support of the work programme agreed through the World Trade Organization, while recognizing the importance of maintaining the integrity of both sets of instruments;

(d) In the light of the process of multilateral trade liberalization, which has led to the diminution of differentials accorded by preferred trade regimes, there is a need to take measures, as appropriate and consistent with international obligations, to address the diminution, in particular by strengthening technical assistance, by continuing to provide financial assistance to commodity-dependent developing countries and by addressing supply-side constraints faced by these countries, in order to improve the competitiveness of their commodity sectors and to overcome difficulties encountered in their diversification programmes;

(e) Timely and effective financial cooperation should be maintained and further pursued to facilitate the management by commodity-dependent countries, especially those in Africa and the least developed countries, as well as commodity-dependent small island developing States and commodity-dependent landlocked developing countries, of excessive fluctuations in commodity export earnings;

(f) Strengthening technical cooperation in the areas of transfer of new technologies and know-how in production processes and training for technical, managerial and commercial staff in developing countries is of paramount importance for quality improvements in the commodity sector;

(g) Expansion of South-South trade and investment in commodities enhances complementarities and offers opportunities for intersectoral linkages within and among exporting countries;

(h) There is a need to strengthen the Common Fund for Commodities and to promote, expand and intensify research and development, to provide infrastructure enterprise development, technology and support services and to encourage investment, including joint ventures in developing countries engaged in the commodity and commodity-processing sectors;

9. *Encourages* the Common Fund for Commodities, in cooperation with the International Trade Centre, the United Nations Conference on Trade and Development and other relevant bodies, to continue to expand the activities of its Second Account with the necessary and effective support for research and development and extension services in developing countries, including adaptive research on production and processing aimed at smallholders and small-sized and medium-sized enterprises in developing countries, in order to widen the scope of activities and thus ensure the effective participation of all stakeholders;

10. *Invites* the United Nations Conference on Trade and Development, within its mandate, to provide assistance to developing countries in the financing of commodity diversification and to include issues related to commodities in the provision of analytical support and technical assistance to developing countries in respect of their effective participation in multilateral trade negotiations;

11. *Calls upon* the United Nations to convene a high-level international meeting in 2003 to address the declining terms of trade and volatility of commodity

prices, taking into account the commitments made in paragraph 89 of the Plan of Implementation adopted at the World Summit on Sustainable Development;

12. *Requests* the Secretary-General of the United Nations Conference on Trade and Development to submit to the General Assembly at its fifty-ninth session a report on world commodity trends and prospects, which should include an estimate of the loss for commodity exporters as a result of the use of subsidies and other trade-distorting measures as well as the gap between the prices for producers and those of final consumers;

13. *Decides* to include in the provisional agenda of its fifty-ninth session, under the item entitled "Macroeconomic questions", the sub-item entitled "Commodities".